

STATEWIDE CAPITAL OUTLAY**EQUALIZATION**

2008 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill enacts various changes related to school capital outlay funding.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ requires school districts to impose a basic capital outlay levy that is equalized statewide;
- ▶ allocates funds for school capital outlay;
- ▶ changes the certified tax rate calculation for a school district imposing the basic capital outlay levy for purposes of truth in taxation;
- ▶ creates a common data committee and requires certain reports from the committee;
- and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

This bill appropriates as an ongoing appropriation subject to future budget constraints:

- ▶ \$74,142,000 from the Capital Outlay Equalization Fund for fiscal year 2009-10, to the State Board of Education; and
- ▶ \$24,358,000 from the Uniform School Fund for fiscal year 2009-10, to the State Board of Education

Other Special Clauses:

This bill takes effect on January 1, 2009.

Utah Code Sections Affected:

AMENDS:

53A-21-102, as last amended by Chapters 199 and 320, Laws of Utah 2003

ENACTS:

32 **53A-16-301**, Utah Code Annotated 1953
33 **53A-17a-135.1**, Utah Code Annotated 1953
34 **53A-21-201**, Utah Code Annotated 1953
35 **53A-21-202**, Utah Code Annotated 1953
36 **53A-21-203**, Utah Code Annotated 1953
37 **59-2-924.2**, Utah Code Annotated 1953

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39 *Be it enacted by the Legislature of the state of Utah:*

40 Section 1. Section **53A-16-301** is enacted to read:

41 **53A-16-301. Capital Outlay Equalization Fund -- Source of revenues -- Interest --**
42 **Unexpended revenues.**

43 (1) There is created a restricted special revenue fund known as the Capital Outlay
44 Equalization Fund.

45 (2) (a) The fund shall be funded by:

46 (i) revenues collected from the rate reduction limitation increment, as defined in
47 Section 53A-21-201, of all receiving school districts; and

48 (ii) revenues collected from the imposition of the basic capital outlay tax rate described
49 in Section 53A-21-202.

50 (b) Any interest earned on the fund shall be deposited into the Fund.

51 (3) The Board of Education shall allocate and distribute monies deposited into the
52 fund:

53 (a) as required under Section 53A-21-203; and

54 (b) for the Capital Outlay Foundation Program to be distributed in accordance with
55 Section 53A-21-103.

56 (4) The monies shall be distributed quarterly to the school districts as required under
57 Section 53A-21-203.

58 (5) A school district that receives a distribution in accordance with 53A-21-203 shall
59 expend the distribution for capital outlay and debt service purposes.

60 (6) If after the Board of Education makes the distributions required by Section
61 53A-21-203 there are monies remaining in the fund for a fiscal year, the Board of Education
62 shall for that fiscal year distribute those remaining monies proportionately to each school

district in the same proportion as the distributions required by Section 53A-21-203.

Section 2. Section **53A-17a-135.1** is enacted to read:

53A-17a-135.1. Common data committee.

(1) As used in this section, "common data committee" means a committee consisting of:

(a) one representative of the Office of the Legislative Fiscal Analyst;

(b) one representative of the Utah State Tax Commission;

(c) one representative of the Governor's Office of Planning and Budget;

(d) the superintendent of public instruction or the superintendent's designee; and

(e) other individuals as approved by the representatives described in Subsections (1)(a) through (d).

(2) The common data committee shall annually provide information to the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning & Budget regarding public education enrollment and property tax projections for use in preparing the state's budget.

(3) Prior to January 31 of each year, the common data committee shall report to the Public Education Appropriations Subcommittee updated estimates of the amounts needed to fully fund the allocations under Section 53A-21-203, and corresponding adjustments to the minimum basic tax rate and basic capital outlay tax rate.

Section 3. Section **53A-21-102** is amended to read:

53A-21-102. Capital Outlay Loan Program -- Use of funds.

~~[(1) The Capital Outlay Foundation Program and the Enrollment Growth Program are established to provide revenues to school districts for the purposes of capital outlay bonding, construction, and renovation.]~~

~~[(2)]~~ (1) The Capital Outlay Loan Program is established to provide:

(a) short-term help to school districts to meet district needs for school building construction and renovation; and

(b) assistance to charter schools to meet school building construction and renovation needs.

~~[(3) School districts shall]~~ (2) A school district may use the monies provided under ~~[the programs established by]~~ this ~~[section solely]~~ chapter for ~~[school district]~~ capital outlay and debt service purposes.

Section 4. Section **53A-21-201** is enacted to read:

Part 2. School Facility Funding

53A-21-201. Definitions.

As used in this part:

(1) "Adjusted allocation amount per student" means the product of:

(a) the base allocation amount per student; and

(b) the quotient of the prior year statewide net taxable value per enrolled student divided by the prior year school district net taxable value per enrolled student.

(2) "Base allocation amount per student" means \$11,000 in 2008-09, adjusted in future years by the percentage difference between the inflation index for the calendar year preceding the calendar year in which the fiscal year begins and the inflation index for calendar year 2007.

(3) "Combined capital levy rate" means a rate that includes the sum of the following levies:

(a) capital outlay levy authorized in Section 53A-16-102;

(b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is budgeted for debt service or capital outlay; and

(c) debt service levy authorized by Section 11-16-310.

(4) "Contributing district" means a school district that in a fiscal year receives less revenue from the distribution described in Section 53A-21-203 than it would have received during the same fiscal year from the levy it imposed pursuant to Section 53A-21-202.

(5) "Fund" means the Capital Outlay Equalization Fund created by 53A-16-301.

(6) "Derived net taxable value" means the prior year total current school district property tax collections from April 1 through the following March 31, divided by a school district's total tax rate for the same year.

(7) "Inflation index" means the annual producer price index for new school building construction published by the Bureau of Labor Statistics of the United States Department of Labor.

(8) "Qualifying school district" means a school district that levies a current year combined capital levy rate of at least .002400 per dollar of taxable value.

(9) "Rate reduction limitation minimum levy" means the .0024 minimum combined capital levy rate a receiving district must impose to receive a distribution described in

Subsection 53A-16-201(8).

(10) "Rate reduction limitation increment" means the amount of revenue that equals the difference between the following:

(a) the amount of revenue that would have been generated by the levy necessary to fund the allocations described in Subsection 53A-21-203(1)(a).

(b) the amount of revenue generated by a property tax rate of .0024 per dollar of taxable value.

(11) "Receiving district" means a school district that in a fiscal year receives more revenue from the allocation described in Section 53A-21-203 than it would have received during the same fiscal year from the levy it imposed pursuant to Section 53A-21-202.

(12) "School district net taxable value per enrolled student" means the derived net taxable value in a school district divided by student enrollment in the district as of the same year's October 1 enrollment counts.

(13) "Statewide net taxable value per enrolled student" means the sum of the derived net taxable value for each school district in the state, divided by statewide school district enrollment as of the same year's October 1 enrollment counts.

Section 5. Section **53A-21-202** is enacted to read:

53A-21-202. Basic capital outlay tax rate.

(1) Beginning in fiscal year 2009-10, each school district shall impose a basic capital outlay tax rate that funds:

(a) the allocations under Section 53A-21-203; and

(b) a portion of the Capital Outlay Foundation Program described in Section 53A-21-103.

(2) The basic capital outlay rate is .0009 per dollar of taxable value.

Section 6. Section **53A-21-203** is enacted to read:

53A-21-203. Capital outlay allocations.

(1) (a) Except as provided in Subsection (2), beginning in fiscal year 2009-10 the Board of Education shall allocate funding to a qualifying school district in an amount equal to the adjusted allocation amount per student multiplied by the average net enrollment increase in the school district for the prior three years, based on the October 1 enrollment counts.

(b) When a new school district is created or school district boundaries are adjusted, the

enrollment for each affected school district shall be based on school district enrollment for the prior three years in schools located within that school district's newly created or adjusted boundaries, based on October 1 enrollment counts.

(c) The Board of Education may not provide an allocation under this Subsection (1) to a school district that does not have an average net enrollment increase for the prior three years.

(2) If the revenues generated under the levy imposed pursuant to Section 53A-21-202 are less than the allocations specified in Subsection (1), the Board of Education shall proportionately reduce allocations to match revenues generated by the levy under Section 53A-21-202.

Section 7. Section **59-2-924.2** is enacted to read:

59-2-924.2. Adjustment of the calculation of the certified tax rate for a school district imposing the basic capital outlay levy.

(1) As used in this section:

(a) "Basic capital outlay increment" means the amount of revenue that equals the difference between the following:

(i) the amount of revenue a school district would have received during a fiscal year from the levy it imposed pursuant to Section 53A-21-202; and

(ii) the amount of revenue the school district received during the same fiscal year from the distribution described in Section 53A-21-203.

(b) "Contributing school district" means a school district that in a fiscal year receives more revenue from the distribution described in Section 53A-21-203 than it would have received during the same fiscal year from the levy it imposed pursuant to Section 53A-21-202.

(c) "Receiving school district" means a school district that in a fiscal year receives less revenue from the allocation described in Section 53A-21-203 than it would have received during the same fiscal year from the levy it imposed pursuant to Section 53A-21-202.

(2) A school district is exempt from the requirements of Section 59-2-918 and 59-2-919 if:

(a) the school district is a contributing school district; and

(b) increases its aggregate certified tax rate only by an amount that would generate the same amount of revenue as that district's basic capital outlay increment.

(3) (a) A receiving school district shall decrease its aggregate certified tax rate by the

187 same amount as its basic capital outlay increment.

188 (b) If the receiving school district does not decrease its aggregate certified tax rate
189 pursuant to Subsection (3)(a), the school district is subject to the requirements of Section
190 59-2-918 and 59-2-919.

191 Section 8. **Appropriation.**

192 (1) As an ongoing appropriation subject to future budget constraints:

193 (a) there is appropriated \$74,142,000 from the Capital Outlay Equalization Fund for
194 fiscal year 2009-10, to the State Board of Education for capital outlay programs created in
195 53A-21-102; and

196 (b) there is appropriated \$24,358,000 from the Uniform School Fund for fiscal year
197 2009-10, to the State Board of Education for capital outlay programs created in 53A-21-102.

198 (2) The State Board of Education shall distribute the monies described in Subsection
199 (1) in accordance with the Capital Outlay Foundation Program described in Section
200 53A-21-103.

201 Section 9. **Effective date.**

202 This bill takes effect on January 1, 2009.